

SERIAL 04132 - RFP

COBRA ADMINISTRATION PROVIDER

CONTRACT PERIOD THROUGH DECEMBER 31, 2007

TO: All Departments

FROM: Department of Materials Management

SUBJECT: Contract for **COBRA ADMINISTRATION PROVIDER**

Attached to this letter is published an effective purchasing contract for products and/or services to be supplied to Maricopa County activities as awarded by Maricopa County on **December 15, 2004**.

All purchases of products and/or services listed on the attached pages of this letter are to be obtained from the vendor holding the contract. Individuals are responsible to the vendor for purchases made outside of contracts. The contract period is indicated above.

Wes Baysinger, Director
Materials Management

SD/mm
Attach

Copy to: Clerk of the Board
Pat Vancil, Total Compensation
Diane Golat, Total Compensation
Mirheta Muslic, Materials Management

(Please remove Serial 01136-SC from your contract notebooks)



04132
CONTRACT PURSUANT TO RFP
COMPUSYS INC. OF ARIZONA

This Contract is entered into this 15th day of December 2004 by and between Maricopa County ("County"), a political subdivision of the State of Arizona, and CompuSys Inc. of Arizona, an Arizona Corporation ("Contractor") for Cobra Administration Services.

1.0 TERM

- 1.1 This Contract is for a term of three (3) year, beginning on the 1st day of January, 2005 and ending the 31st day of December 2007.
- 1.2 The County may, at its option and with the agreement of the Contractor, extend the period of this Contract for additional one (1) year terms up to a maximum of three (3) additional terms. The County shall notify the Contractor in writing of its intent to extend the Contract period at least thirty (30) calendar days prior to the expiration of the original contract period, or any additional term thereafter.

2.0 PAYMENT

- 2.1 As consideration for performance of the duties described herein, County will pay the sum stated in Final Pricing, attached hereto and incorporated herein as Exhibit A.
- 2.2 Payment under this Contract shall be made in the manner provided by law. Invoices shall be prepared and submitted in accordance with the instructions provided on the purchase order. Invoices shall contain the following information: contract number, purchase order number, description of services, monthly fee, and extended totals.

3.0 DUTIES

- 3.1 The Contractor shall perform all duties stated in the Agreed Scope of Work, attached hereto and incorporated herein as Exhibit B.

4.0 TERMS & CONDITIONS

4.1 INDEMNIFICATION AND INSURANCE:

4.1.1 INDEMNIFICATION

4.1.2 Indemnification.

To the fullest extent permitted by law, Contractor shall defend, indemnify, and hold harmless the County, its agents, representatives, officers, directors, officials, and employees from and against all claims, damages, losses and expenses, including but not limited to attorney fees and costs, relating to this Contract.

The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of the indemnity in this paragraph.

4.1.3 **Abrogation of Arizona Revised Statutes Section 34-226:**

In the event that A.R.S. § 34-226 shall be repealed or held unconstitutional or otherwise invalid by a court of competent jurisdiction, then to the fullest extent permitted by law, **CONTRACTOR** shall defend, indemnify and hold harmless **COUNTY**, its agents, representatives, officers, directors, officials and employees from and against all claims, damages, losses and expenses (including but not limited to attorney fees, court costs, and the cost of appellate proceedings), relating to, arising out of, or resulting from **CONTRACTOR'S** work or services. **CONTRACTOR'S** duty to defend, indemnify and hold harmless, **COUNTY**, its agents, representatives, officers, directors, officials and employees shall arise in connection with any claim, damage, loss or expense that is attributable to bodily injury, sickness, disease, death, injury to, impairment or destruction of property including loss of use resulting therefrom, caused in whole or in part by any act or omission of **CONTRACTOR**, anyone **CONTRACTOR** directly or indirectly employs or anyone for whose acts **CONTRACTOR** may be liable, regardless of whether it is caused in part by a party indemnified hereunder, including **COUNTY**.

The scope of this indemnification does not extend to the sole negligence of **COUNTY**.

4.1.4 **Insurance Requirements.**

CONTRACTOR, at **CONTRACTOR'S** own expense, shall purchase and maintain the herein stipulated minimum insurance from a company or companies duly licensed by the State of Arizona and possessing a current A.M. Best, Inc. rating of B++6. In lieu of State of Arizona licensing, the stipulated insurance may be purchased from a company or companies which are authorized to do business in the State of Arizona, provided that said insurance companies meet the approval of **COUNTY**. The form of any insurance policies and forms must be acceptable to **COUNTY**.

All insurance required herein shall be maintained in full force and effect until all work or service required to be performed under the terms of the Contract is satisfactorily completed and formally accepted. Failure to do so may, at the sole discretion of **COUNTY**, constitute a material breach of this Contract.

CONTRACTOR'S insurance shall be primary insurance as respects **COUNTY**, and any insurance or self-insurance maintained by **COUNTY** shall not contribute to it.

Any failure to comply with the claim reporting provisions of the insurance policies or any breach of an insurance policy warranty shall not affect coverage afforded under the insurance policies to protect **COUNTY**.

The insurance policies may provide coverage, which contains deductibles or self-insured retentions. Such deductible and/or self-insured retentions shall not be applicable with respect to the coverage provided to **COUNTY** under such policies. **CONTRACTOR** shall be solely responsible for the deductible and/or self-insured retention and **COUNTY**, at its option, may require **CONTRACTOR** to secure payment of such deductibles or self-insured retentions by a surety bond or an irrevocable and unconditional letter of credit.

COUNTY reserves the right to request and to receive, within 10 working days, certified copies of any or all of the herein required insurance policies and/or endorsements. **COUNTY** shall not be obligated, however, to review such policies and/or endorsements or to advise **CONTRACTOR** of any deficiencies in such policies and endorsements, and such receipt shall not relieve **CONTRACTOR** from, or be deemed a waiver of **COUNTY'S** right to insist on strict fulfillment of **CONTRACTOR'S** obligations under this Contract.

The insurance policies required by this Contract, except Workers' Compensation, shall name **COUNTY**, its agents, representatives, officers, directors, officials and employees as Additional Insureds.

The policies required hereunder, except Workers' Compensation, shall contain a waiver of transfer of rights of recovery (subrogation) against **COUNTY**, its agents, representatives, officers, directors, officials and employees for any claims arising out of **CONTRACTOR'S** work or service.

4.1.4.1 Commercial General Liability. **CONTRACTOR** shall maintain Commercial General Liability Insurance (CGL) and, if necessary, Commercial Umbrella Insurance with a limit of not less than \$1,000,000 for each occurrence with a \$2,000,000 Products/Completed Operations Aggregate and a \$2,000,000 General Aggregate Limit. The policy shall include coverage for bodily injury, broad form property damage, personal injury, products and completed operations and blanket contractual coverage including, but not limited to, the liability assumed under the indemnification provisions of this Contract which coverage will be at least as broad as Insurance Service Office, Inc. Policy Form CG 00 01 10 93 or any replacements thereof. There shall be no endorsement or modification of the CGL limiting the scope of coverage for liability arising from explosion, collapse, or underground property damage.

The policy shall contain a severability of interest provision, and shall not contain a sunset provision or commutation clause, or any provision which would serve to limit third party action over claims.

The CGL and the commercial umbrella coverage, if any, additional insured endorsement shall be at least as broad as the Insurance Service Office, Inc.'s Additional Insured, Form CG 20 10 10 01, and shall include coverage for **CONTRACTOR'S** operations and products.

4.1.4.2 Automobile Liability. **CONTRACTOR** shall maintain Automobile Liability Insurance and, if necessary, Commercial Umbrella Insurance with a combined single limit for bodily injury and property damage of no less than \$1,000,000, each occurrence, with respect to **CONTRACTOR'S** vehicles (including owned, hired, non-owned), assigned to or used in the performance of this Contract. If hazardous substances, materials, or wastes are to be transported, MCS 90 endorsement shall be included and \$5,000,000 per accident limits for bodily injury and property damage shall apply.

4.1.4.3 Workers' Compensation. **CONTRACTOR** shall carry Workers' Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of **CONTRACTOR'S** employees engaged in the performance of the work or services, as well as Employer's Liability insurance of not less than \$100,000 for each accident, \$100,000 disease for each employee, and \$500,000 disease policy limit.

CONTRACTOR waives all rights against **COUNTY** and its agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the Workers' Compensation and Employer's Liability or commercial umbrella liability insurance obtained by **CONTRACTOR** pursuant to this agreement.

In case any work is subcontracted, **CONTRACTOR** will require the Subcontractor to provide Workers' Compensation and Employer's Liability insurance to at least the same extent as required of **CONTRACTOR**.

4.1.5 Certificates of Insurance.

4.1.5.1 Prior to commencing work or services under this Contract, Contractor shall have insurance in effect as required by the Contract in the form provided by the County, issued by Contractor's insurer(s), as evidence that policies providing the required coverage, conditions and limits required by this Contract are in full force and effect. Such certificates shall be made available to the County upon 48 hours notice

In the event any insurance policy (ies) required by this contract is (are) written on a "claims made" basis, coverage shall extend for two years past completion and acceptance of **CONTRACTOR'S** work or services and as evidenced by annual Certificates of Insurance.

If a policy does expire during the life of the Contract, a renewal certificate must be sent to **COUNTY** fifteen (15) days prior to the expiration date.

4.1.5.2 Cancellation and Expiration Notice.

Insurance required herein shall not be permitted to expire, be canceled, or materially changed without thirty (30) days prior written notice to the County.

4.2 NOTICES:

All notices given pursuant to the terms of this Contract shall be addressed to:

For County:

Maricopa County
Department of Materials Management
Attn: Director of Purchasing
320 West Lincoln Street
Phoenix, Arizona

For Contractor:
CompuSys Inc. of Arizona
Attn: General Manager
4725 North 19th Avenue
Suite 1
Phoenix, AZ. 85015-3720

4.3 REQUIREMENTS CONTRACT:

Contractor signifies its understanding and agreement by signing this document, that this Contract is a requirements contract. This Contract does not guarantee any services will be required.

Contractor shall take no action under this Contract unless specifically requested by County, which shall submit written direction to Contractor requesting that services be performed.

4.4 TERMINATION:

The County may unconditionally terminate this Contract for convenience by providing thirty (30) calendar days advance notice to the Contractor.

The County may terminate this Contract if Contractor fails to pay any charge when due or fails to perform or observe any other material term or condition of the Contract, and such failure continues for more than ten (10) days after receipt of written notice of such failure from County, or if Contractor becomes insolvent or generally fails to pay its debts as they mature.

4.5 STATUTORY RIGHT OF CANCELLATION FOR CONFLICT OF INTEREST:

Notice is given that pursuant to A.R.S. § 38-511 the County may cancel this Contract without penalty or further obligation within three years after execution of the contract, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the County is at any time while the Contract or any extension of the Contract is in effect, an employee or agent of any other party to the Contract in any capacity or consultant to any other party of the Contract with respect to the subject matter of the Contract. Additionally, pursuant to A.R.S § 38-511 the County may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the County from any other party to the contract arising as the result of the Contract.

4.6 OFFSET FOR DAMAGES;

In addition to all other remedies at law or equity, the County may offset from any money due to the Contractor any amounts Contractor owes to the County for damages resulting from breach or deficiencies in performance under this contract.

4.7 ADDITIONS/DELETIONS OF SERVICE:

The County reserves the right to add and/or delete products and/or services provided under this Contract. If a requirement is deleted, payment to the Contractor will be reduced proportionately to the amount of service reduced in accordance with the proposal price. If additional services and/or products are required from this Contract, prices for such additions will be negotiated between the Contractor and the County.

4.8 SUBCONTRACTING:

The Contractor may not assign this Contract or subcontract to another party for performance of the terms and conditions hereof without the written consent of the County, which shall not be unreasonably withheld. All correspondence authorizing subcontracting must reference the Proposal Serial Number and identify the job project.

4.9 AMENDMENTS:

All amendments to this Contract must be in writing and signed by both parties.

4.10 RETENTION OF RECORDS:

The Contractor agrees to retain all financial books, records, and other documents relevant to this Contract for five (5) years after final payment or until after the resolution of any audit questions which could be more than five (5) years, whichever is longer. The County, Federal or State auditors and any other persons duly authorized by the Department shall have full access to, and the right to examine, copy and make use of, any and all said materials.

If the Contractor's books, records and other documents relevant to this Contract are not sufficient to support and document that requested services were provided, the Contractor shall reimburse Maricopa County Stadium County for the services not so adequately supported and documented.

4.11 AUDIT DISALLOWANCES:

If at any time County determines that a cost for which payment has been made is a disallowed cost, such as overpayment, County shall notify the Contractor in writing of the disallowance. County shall also state the means of correction, which may be but shall not be limited to adjustment of any future claim submitted by the Contractor by the amount of the disallowance, or to require repayment of the disallowed amount by the Contractor.

4.12 VALIDITY:

The invalidity, in whole or in part, of any provision of the Contract shall not void or affect the validity of any other provision of this Contract.

4.13 RIGHTS IN DATA:

The County shall have the use of data and reports resulting from this Contract without additional cost or other restriction except as provided by law. Each party shall supply to the other party, upon request, any available information that is relevant to this Contract and to the performance hereunder.

4.14 INTEGRATION

This Contract represents the entire and integrated agreement between the parties and supersedes all prior negotiations, proposals, communications, understandings, representations, or agreements, whether oral or written, express or implied.

IN WITNESS WHEREOF, this Contract is executed on the date set forth above.

CONTRACTOR

AUTHORIZED SIGNATURE

PRINTED NAME AND TITLE

ADDRESS

DATE

MARICOPA COUNTY

BY: _____
CHAIRMAN, BOARD OF SUPERVISORS

DATE

ATTESTED:

CLERK OF THE BOARD

DATE

APPROVED AS TO FORM:

MARICOPA COUNTY ATTORNEY

DATE

**EXHIBIT A
PRICING**

SERIAL 04132-RFP

PRICING SHEET

S07 39 11 / B0604228 / NIGP 94807

BIDDER NAME:

CompuSys Inc. of Arizona

F.I.D./VENDOR #:

W000000171

BIDDER ADDRESS:

4725 North 19th Avenue, Suite 1

Phoenix, AZ 85015-3720

P.O. ADDRESS:

Same as above

BIDDER PHONE #:

(602) 234-0497

BIDDER FAX #:

(602) 234-2182

COMPANY WEB SITE:

http://www.cserisa.com

COMPANY CONTACT (REP):

Martha Zhan

E-MAIL ADDRESS (REP):

MZhan@compusysaz.com

WILLING TO ACCEPT FUTURE SOLICITATIONS VIA EMAIL: X YES

OTHER GOV'T. AGENCIES MAY USE THIS CONTRACT: X YES

PAYMENT TERMS:

NET 30

 X

1.0 PRICING:

YEAR 1

YEAR 2

YEAR 3

1.1 MONTHLY RATE

\$4,350.00

\$4,400.00

\$4,600.00

1.3 MAXIMUM INCREASE YEAR 4

YEAR 5

YEAR 6

5%

4%

3%

**EXHIBIT B
SCOPE OF WORK
04132**

1.0 INTENT:

Administration is to be provided for active and retired employees covered under the County healthcare plans.

The contractor shall provide the notifications to participants when a COBRA qualifying event occurs and administration for all COBRA eligible participants who elect coverage.

2.0 SCOPE OF WORK:

The Contractor will serve as the COBRA plan administrator for purposes of the initial notice, qualifying event notifications and ongoing COBRA administration. The County will notify the Contractor of new employees and dependents enrolled in a medical plan or a qualifying event and provide the status change information to the Contractor electronically or manually. The Contractor then issues the initial notice of COBRA rights and/or the election form to qualified beneficiaries, via first class mail, within 14 days from the date of notification from the Employer/qualified beneficiary.

2.1 The Contractor will perform the following COBRA administrative services:

- 2.1.1 Issue initial notifications within 5 business days from date of receipt of eligibility and enrollment information from Maricopa County.
- 2.1.2 Upon receipt of the election form from the qualified beneficiary, verify COBRA eligibility and establish a billing record.
- 2.1.3 Generate payment coupons for payment of premiums. Premium coupons will be mailed to the beneficiary based on the selection(s) indicated on the election form. Premium due dates will be established based upon the receipt of the election form.
- 2.1.4 Receive premium benefit subsidy from Arizona State Retirement System and Public Safety Retirement Systems to offset the COBRA premium.
- 2.1.5 Receive premium checks from participants and record payment.
- 2.1.6 Forward all fully insured premiums to the appropriate vendors including a copy of the beneficiary's election form, and detail on enrollment, additions, changes and deletions within 5 business days of receipt. Forward all self funded plan premiums, and COBRA administrative charges to the County, with detailed reports within 5 business days following the end of the prior month.
- 2.1.7 Determine and track applicable maximum coverage periods based on qualifying events and continued COBRA eligibility.
- 2.1.8 Issue termination letters to qualified beneficiaries who fail to pay on a timely basis, fail to pay the full premium with the exception of insignificant shortfalls (10% or less than \$50), or upon the expiration of the maximum coverage period.
- 2.1.9 Issue letters for insignificant shortfall amounts due (10% or \$50).
- 2.1.10 Notify vendors and Maricopa County of terminations within 5 business days following the end of the grace period.

- 2.1.11 Periodically investigate/determine whether the qualified beneficiary has become, after the date of the election, covered by another group health plan or entitled to Medicare benefits. If so, research pre-existing conditions limitations under the other coverage and determine whether COBRA coverage should terminate.
- 2.1.12 Administer disability extensions.
- 2.1.13 Administer dependent qualifying events.
- 2.1.14 Provide eligibility information to vendors within 5 business days from receipt of information and payment.
- 2.1.15 Issue notice of conversion rights letters during the last 180 days prior to COBRA termination date, if applicable, under their coverage option.
- 2.1.16 At month end, provide management report(s) to the Employer electronically in Excel or Excel compatible format for purposes of accounting and reporting of premium payment/eligibility status to health plan providers. The reports should include participant name, social security number or alternative ID number, Employee ID number, termination date, termination reason, reports broken out by plan (medical, dental, etc.) and the coverage category chosen.
- 2.1.17 Notify COBRA participants regarding changes to contribution rates.
- 2.1.18 Handle all participant calls and resolve disputes.
- 2.1.19 Accept Maricopa County's electronic eligibility file format.
- 2.1.20 Must administer COBRA within all regulatory standards and stay in full compliance with all regulations.
- 2.1.21 Conduct annual open enrollment for COBRA participants including forwarding plan changes, premium change information; process open enrollment changes and notifies carriers of the changes.
- 2.1.22 Supply and pay for all printed employee communication materials (EXCEPT OPEN ENROLLMENT MATERIALS) and postage costs.
- 2.1.23 Comply with all aspects of and requirements for HIPAA compliance.
- 2.1.24 Be able to use an alternative ID number if the participant does not want to use his/her social security number as his/her identifier.
- 2.2 **RISK SHARING:**
Contractor shall put a total of ten (10%) of annual fees at risk based on the following criteria.
 - 2.2.1 Timeliness: All notices and applications will be generated and distributed within fourteen (14) calendar days. (2%)
 - 2.2.2 Ninety-eight (98%) percent of all notices and applications will be distributed within five (5) business days. (2%)
 - 2.2.3 Ninety-eight (98%) of phone calls to participants returned within 24 hours and one hundred percent (100%) within 48 hours of being received. (2%)
 - 2.2.4 Ninety-eight (98%) of applications and notifications processed within 24 hours and one hundred percent (100%) within 48 hours of receipt. (2%)

2.2.5 All management reports issued and distributed within five (5) business days of the end of month. (2%)

2.3 TAX:

No tax shall be levied against labor. Proposal pricing to include all labor, overhead tools and equipment used, profit, and any taxes that may be levied. It is the responsibility of the Contractor to determine any and all taxes and include the same in proposal price.

2.4 DELIVERY:

It shall be the Contractor's responsibility to meet the County's delivery requirements, as called for in the Technical Specifications. Maricopa County reserves the right to obtain services on the open market in the event the Contractor fails to make delivery and any price differential will be charged against the Contractor.

2.5 USAGE REPORT

The Contractor shall furnish the County a Quarterly usage report delineating the acquisition activity governed by the Contract. The format of the report shall be approved by the County and shall disclose the quantity and dollar value of each contract item by individual unit.

COMPUSYS INC OF ARIZONA, 4725 N 19TH AVE SUITE #1, PHOENIX, AZ 85015

PRICING SHEET S073911/B0604228/NIGP 94807

Terms:	NET 30
Vendor Number:	W000000171 X
Telephone Number:	602/234-0497
Fax Number:	602/234-2182
Contact Person:	Martha Zhan
E-mail Address:	MZhan@compusysaz.com
Company Web Site:	www.cserisa.com
Certificates of Insurance	Required
Contract Period:	To cover the period ending December 31, 2007.